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PUBLIC SERVICE
COMMISSION

Commonwealth of Kentucky
Before the Public Service Commission

In the Matter of:

Alternative Rate Filing of Eastern Rockcastle Water Association, INC. } CASE NO.

} 2014-0385

ORDER: (and In RESPONSE TO:)

February 11, 2015,

Jeff Derouern, Executive Director

KY Public Service Commission

P.O. Box 615

Frankfort, KY 40602

RE: Explanation of nonrecurring charges for meter reading fee And Filings for Water Rate Increase on November 4, 2014, that should not be granted or allowed.

Dear Mr. Derouen,

Per request, I am submitting an explanation and complaint against the meter reading fee cost and monthly water rate increase justification. The following are the reasons we feel that Eastern Rockcastle Water Association should not increase these fees and/or monthly water rate:

(CASE No. 2014-00385)

1. E.R.W.A. should fix Water leaks. Eastern Rockcastle Water Association has a water leakage rate twice the normal rate of 15%. Eastern Rockcastle Water Association rate 31.5% water leakage rate, which in my opinion 7% would be high if I owned the Company. (Exhibit _____ Description _____)
2. (on Just one of their systems) ON their Sand Springs system that is supplied by Mt. Vernon water purchase for December 2014 1,568,700 gallons sold 733,133 gallons. E.R.W.A. lost 835,567 gallons of water over the hill, pardon my expression, was due to a leak detection meter broken meter bottom cost \$10.50 to repair. E.R.W.A. spent \$1,690 digging and looking for a leak that was not there, leak was three and a half miles farther down the road. (Why wasn't the leak detection meters checked first?) (Exhibit 2A Description Water LOST)
3. E.R.W.A. currently has 602 active customers, E.R.W.A. has lost since 2013 and likely will lose more if they are granted their requested meter read fee and monthly rate increases. (Exhibit 3A Description LOST CUSTOMERS)
4. E.R.W.A. Has 102 active customers that are only using 0-500 gallons of water, but E.R.W.A. is receiving payment for 2000 ___ Gallons. E.R.W.A. also has 121 water customers using 501-1500 gallons, E.R.W.A. saves 500 gallons. Between the two groups 223 water customers over one third E.R.W.A. customer that pay \$23.82 a month. (Exhibit 4A Description Using less than 500 gallons).
5. E.R.W.A. spent over \$80,000 _____ dollars for radio read meters. E.R.W.A. should have spent the money installing new water lines for new customers that they desperately need. Radio Read meters cost E.R.W.A. in the long run radio read meters require E.R.W.A. technician to drive by Eastern Rockcastle Water lines once per month(12 times per year). E.R.W.A. technician read the vision or manual meter once per year, saving time, fuel, and wear on their vehicles. (Exhibit _____ Description _____)
6. In the beginning E.R.W.A. By-Laws called for no more than 17 members and no less than 5 members. Members that want to control the Board have lowered the numbers from 17 members to no more than 5 or less than a maximum from 5 board

members should change By-Laws back to a maximum of 17 board members and keep at least 8 to 12 board members to help with office work, find leaks, and etc. E.R.W.A. audit from 2013 looked like the 2009 audit the deficiencies that was supposed to be corrected in 2009 are still present in 2013 audit. One person taking care of walk-in customers, paying bills with checks and possibly cash opening all the mail doing the deposits, it appears that E.R.W.A. has two treasures, Carolyn Hinton and R. Barron seems as though they should stop by E.R.W.A. one day per week and rotate and every other week.

These are questions, not accusations:

With over 31% loss isn't it possible there are a number of missing meters out there that haven't been turned into billing? Isn't it possible that some major private line leaks become company leaks? Why has E.R.W.A. lost at least 10 customers since 2013? (602) (Exhibit A+B Description MINUTES JANUARY 18, 2011 **Why does E.R.W.A. have such a hard time finding leaks is their problem a lack of training or is this that finding leaks is not a high priority with E.R.W.A.? Why does the Public Service Commission address their mail to Randy Correy, General Manager, whom has not worked for E.R.W.A. in that position or capacity for a very, very long time?** Even letter addressed and dated November 17, 2014 to Jeff Derouen, Executive Director indicates that the association is governed solely by the board of directors.

(Tony Bullock, President) (Exhibit C & CA Description ERWA letter }

(Exhibit CA Description KPSC RETURN TO ERWA }

MY OPINION AND STATEMENTS AND CONCERNS:

The majority of E.R.W.A. customers don't drink E.R.W.A. water, most drink bottled or spring water. If E.R.W.A. gets its excessive rate increases they will lose a number of customers as folks still have their old water sources in place such as wells, springs, and cisterns.

E.R.W.A. says they haven't had a rate increase since 2004, just pass through E.R.W.A., Western Rockcastle Water Association and Brohead, all had a chance to intervene when Mt. Vernon applied for 36% rate increase to be passed on, none of the above would do

so, I had approximately 1,000 water customers signatures against such a huge increase that I offered to each but only Western Rockcastle accepted copies.

(Exhibit _____ Description _____)

(Exhibit _____ Description _____)

(Exhibit _____ Description _____)

Certification of Service: I do hereby certify that this is a true copy by Gary Mason and was served by mailing the original plus a copy by way of U.S. Mail, postage prepaid to the following persons or commissions:

I, Gary Mason, have more to submit to the KY Public Service Commission, as soon as I obtain my open record requests from Eastern Rockcastle Water Association Clerk (Becky Hacker) whom says I should receive in late February 2015. If you or anyone else has any questions or concerns, please do not hesitate to contact me by email or phone.

I, Gary Mason Gary Mason, certify that true copies are delivered to:

Sincerely,

Gary Mason, Intervener

Signature of

Intervener: Gary Mason masong4d@gmail.com

2202 Cleft Rock Road Mt. Vernon, KY 40456

Phone number is (606) 256-5521.(CASE No. 2014-00385)

Copies Mailed to:

United States Mail Postage Paid:

Hand delivered:

Eastern Rockcastle Water Association
9246 Main Street Livingston, KY 40445
(606)453-0019

Copies Mailed to:

United States Mail Postage Paid:

Hand delivered:

Kentucky Public Service Commission
211 Sower Boulevard P.O. Box 615
Frankfort, KY 40602
(502)564-3940

December 17 request "C1"

Exhibit 2A Page 2

EASTERN ROCKCASTLE WATER

WATER PURCHASED

SANDSPRINGS 1568700

WATER SOLD

SANDSPRINGS 733133

Water lost: 835,567 GALLONS

Exhibit 2A

December 17 request "A1" Exhibit 3A
Page 2

EASTERN ROCKCASTLE WATER
CURRENTLY HAS 602 ACTIVE CUSTOMERS

E.R.W.A had 613 in 2013

December 17 request "A2" Exhibit 4A

Page 2

EASTERN ROCKCASTLE WATER

0-500 GALLONS	102
501-1500 GALLONS	121

Minutes of the ERWA Board of Directors

**Monthly Meeting
January 18, 2011**

The Eastern Rockcastle Water Association Board of Directors held its monthly meeting on January 18, 2011 at the office of Atty. Jerry Cox, 115 Richmond Street, Mt. Vernon, KY. President David Ballinger called the meeting to order at 10:10 a.m. Members present were George Shackelford, Dell Ponder, David Ballinger, Margaret Martin, Lee Bivins, and Murphy Martin. Also present was Carolyn Hinton, ERWA Clerk.

Approval of Minutes:

President David Ballinger asked for a motion to approve the December 2010 meeting minutes. A motion to approve was made by George Shackelford with a second by Murphy Martin. Lee Bivins followed with a question pertaining to the 490 Extension project. After a short discussion, the vote was taken with all in favor. The motion passed.

Approval of Financial Report:

The financial report for the month of December was presented. President Ballinger asked for a motion to approve the financial report for December. Murphy Martin made a motion to approve, with a second by Dell Ponder. All were in favor. The motion passed.

Old Business:

There was no old business to be addressed at this time.

New Business:

Item 1. Discussion was held regarding a bill received from the Internal Revenue Service for failure of ERWA to file the proper tax-exempt forms for the calendar year 2007 in a timely manner. CPA Joe Clontz has been contacted and has written a letter (copy attached) to the IRS explaining the reason for the delay in filing and requesting a waiver. ERWA is currently waiting on an answer to the letter. No motion was required for this item of business.

Item 2. Discussion was held on the recent line break(s) and related problems in the Sand Springs/Pongo area of the county serviced by ERWA. It was concluded that there were several incidents that led to the problems; among them being breaks, pressure issues, pump failure, and the number of days and nights of below-freezing temperatures causing cracks and/or breaks in the lines.

During the work associated with the repairs and corrections of these problems, it was discovered that the Pongo Fire Department has been for several years had water service through a water meter that had never been recorded in the ERWA records and accounted for in the billing system. No records could be found of the meter being paid for or being installed for the use of the firehouse. At this point, Mr. Tony Bullock, Fire Chief of the Pongo Volunteer Fire Department., was invited into the meeting as representative of the Pongo/Sand Springs area ERWA customers as well as the Pongo VFD.

Mr. Bullock explained the fire departments position. He stated that the fire department personnel, in lieu of paying the cost of a meter, had supplied the labor and equipment for ERWA to move two (2) meters that had to be relocated when the fire department building was under construction, and install a meter for VFD use. The VFD would be using a garden hose from the meter to fill their tanker trucks as there was no hydrant at that time.

It was noted by ERWA that a hydrant had been installed in 2009 when the ERWA tank was built next to the fire department. The water through the meter has since been used for the fire department meetings and non-related fire fighting activities, such as fund raisers, chili suppers, etc. Further, it was also noted that no reports have been filed with ERWA by the VFD of water drawn from the hydrant for fighting fires or for training.

After a lengthy discussion, President Ballinger asked that the records show he proposed a motion be made that ERWA suspend all penalties (with PSC approval) and as of January 2011 the meter for the VFD be on record, with a bill being issued each month for regular use. In addition, the water from the hydrant is to be reported each month as stated in the ERWA by-laws. Lee Bivins made the motion with a second by Dell Ponder.

Item 3. Mr. Bullock then questioned the board about the lack of an easement being obtained for the driveway at the Pongo water tank. Mr. Bullock stated that the property belongs to him. After discussion, let the records show that Mr. Tony Bullock, in the presence of the ERWA Board of Directors and an employee, agreed that ERWA board members and employees have right to access the water tank across his property as long as David Ballinger is president of the water association. Mr. Bullock further agreed to re-negotiate in the event that the president changes, or, will sell easement rights to the water association for the cost of one year of water at base rate of \$271.92 (12 months @ 22.66 per month).

EASTERN ROCKCASTLE WATER ASSOCIATION

**P.O. Box 540
Mt. Vernon, KY 40456
Phone: 606-453-0019
Fax: 606-453-0020**

Exhibit C

Debbie

Page 3

November 17, 2014

Jeff Derouen
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Case No. 2014-00385 - Filing Deficiencies Response

Dear Mr. Derouen,

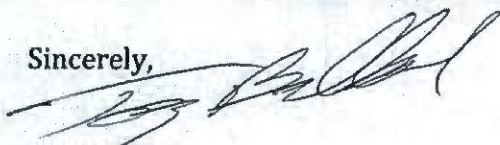
Enclosed you will find a revised Notice of Proposed Rate Adjustment that will be published for three (3) consecutive weeks starting on November 20, 2014.

The persons for whom an ARF Form-3 was requested are no longer associated with Eastern Rockcastle Water Association. Joe Clark's membership ended in 2006. Joe Martin's membership ended in 1998. Harold Ballinger's membership ended in 1994. Edgar Morris' membership ended in 1992. We were unable to find an affiliation with Ray Kirtley. However we did find a past member, Ray Kirby, whose membership ended in 1993. You will find a current list of board of directors enclosed.

I also wanted to make you aware that Eastern Rockcastle Water Association no longer has a general manager. The association is governed solely by the board of directors.

Thank you for your considerations with this matter.

Sincerely,



Tony Bullock
Board President

Exhibit CA

Page 3

Randal Corry
General Manager
Eastern Rockcastle Water Association, Inc.
P.O. Box 540
Mt. Vernon, KY 40456

Gary Mason
2202 Cleft Rock Road
Mt. Vernon, KENTUCKY 40456

February 11, 2015

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ADDITION TO:

(Case No 2014-00385)

Contains information about what Eastern Rockcastle Water Association, INC. has done and etc. described below the information regarding previous Profit and Loss Detail Reports or Statements and other changes regarding Eastern Rockcastle Water Association, Inc Minutes:

Attention: Jeff Derouern, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard P.O. Box 615
Frankfort, Kentucky 40602

Dear Mr. Derouern:

Please review these following items associated with the Eastern Rockcastle Water Association, Inc.:

- D.1 Eastern Rockcastle Water Association, Inc. has a **Free Office.**
- D. 2 Eastern Rockcastle Water Association, Inc. does not pay Rent.
- D. 3 Rockcastle County Fiscal Court has dug a number of new water lines **at no cost to Eastern Rockcastle Water Association, Inc.**
- D. 4 Two previous Presidents of Eastern Rockcastle Water Association, Inc., Ballinger and M. McGuire used their private equipment (such as tractors) to cover Eastern Rockcastle Water Association water lines **at no cost** to Eastern Rockcastle Water Association, Inc.
- D. 5 Eastern Rockcastle Water Association, Inc. has received a number of grants.
- D.6 Eastern Rockcastle Water Association, Inc. utilities for office are \$200.00 per month.
- D. 7 Eastern Rockcastle Water Association, Inc. kept local Attorney Jerry Cox, on retainer at \$600.00 a month from February 17, 2009 until November 13, 2012 at a total cost of \$26,400 dollars. Also this saves the E.R.W.A. \$600.00 a month now.

D. 8 Eastern Rockcastle Water Association, Inc. should monitor their master meters to advise them of water leaks instead of relying on their E.R.W.A. water customers complaints about no pressure or low pressure.

D. 9 Doubtful Debits total is **\$28,000 plus**, however, I see no effort by E.R.W.A. in their minutes to collect this Doubtful Debits.

D. 10 Does Eastern Rockcastle Water Association, Inc. President, Tony Bullock, actually have enough time to allocate to Eastern Rockcastle Water Association, Inc. since he allegedly is the Pongo Fire Department Fire Chief, Rockcastle County Deputy, Distribution Center employee, Eastern Rockcastle Water Association, Inc. President, and farmer? (**To me this should be a major concern**) **Also I have noticed that some of the minutes, Profit and Loss Detail Reports or statements have approval signatures on them. (To me again this should be another major concern)**

D. 11 The amount of water that is lost within the association's (E.R.W.A.) distribution system in excess of the allowable 15 percent was **5,205,490 gallons for the test year 2013.** Is this fair for struggling E.R.W.A. water customers to have to pay for this **ridiculous waste?**

Certification of Service: I do hereby certify that this is a true copy by Gary Mason and was served by mailing the original plus a copy by way of U.S. Mail, postage prepaid to the following persons or commissions:

Again I am stating that I, Gary Mason, will have more to submit to the KY Public Service Commission, as soon as I obtain my open record requests from Eastern Rockcastle Water Association Clerk (Becky Hacker) whom says I should receive **in late February 2015.** If you or anyone else has any questions or concerns, please do not hesitate to contact me by email or phone.

Sincerely,

Gary Mason, Intervener

Signature of
Intervener: Gary Mason _____masong4d@gmail.c
om

2202 Cleft Rock Road Mt. Vernon, KY 40456
Phone number is (606) 256-5521.(CASE No. 2014-00385)

Copies Mailed to: United States Mail Postage Paid:

Hand delivered: _____

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9246 Main Street Livingston, KY 40445
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